

# REPORT

**DATE:** September 7, 2006

**TO:** Transportation and Communications Committee

**FROM:** Danny Wu, AICP, Program Manager for Goods Movement  
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**SUBJECT:** Southern California National Freight Gateway Strategy Memorandum of Understanding (MOU)

**EXECUTIVE DIRECTOR'S APPROVAL:**

*Horst K. Wu for MP*

## RECOMMENDED ACTION:

Support in concept and authorize SCAG to continue to negotiate and to bring the final Southern California National Freight Gateway Strategy MOU to the Regional Council for approval at the October 2006 Meeting.

## SUMMARY:

The core principles of the MOU are as follows:

- Highlight the Southern California region's critical role as the national gateway for goods movement and the associated challenges to communities throughout the region in terms of infrastructure, public health and air quality impacts;
- Ensure proactive involvement from the appropriate state and federal agencies in streamlining the environmental review/approval process; and,
- Establish a formal process through which state and federal agencies would share responsibility and work collaboratively with Southern California transportation agencies to address the region's infrastructure needs, environmental effects, and community impacts of increasing goods movement through the "Southern California National Freight Gateway," which extends from the San Pedro Bay Ports to the cities of Barstow and Indio, California.

The MOU is expected to be finalized in consultation with all the appropriate stakeholders; an initial draft copy is attached for your review. The MOU establishes SCAG, Metro, the Orange County Transportation Authority, Riverside County Transportation Commission, San Bernardino Associated Governments, Ventura County Transportation Commission, and the Ports of Los Angeles and Long Beach, along with key state and federal resource and regulatory agencies as the "Principal Conveners" to cooperate in the development of a framework strategy to address the region's goods movement challenges. In addition, the MOU encourages ongoing public participation as required by law.

The signatories to the MOU will work collaboratively to develop a Phase I Scoping Report to be submitted to the United States Secretary of Transportation and to the Governor of California by December 31, 2006.

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This report will include the protocols for MOU implementation – procedures for working collaboratively and expeditiously to address the goods movement infrastructure, environmental and community concerns. Furthermore, Senator Diane Feinstein’s office has expressed an interest in facilitating a signing ceremony in October to execute the MOU.

## **BACKGROUND:**

For the past several months, the Executive Director of SCAG and the Chief Executive Officers of the five County Transportation Commissions (CTCs) have been discussing the need for greater collaboration among state, federal, and local agencies responsible for goods movement. Principally, there is a growing realization that early and active involvement by key federal and state agencies in the formulation of the freight movement and environmental strategy is critical to solving the region’s goods movement challenges. Much of the region’s burdens associated with the movement of goods are attributable to factors outside of the region’s direct control, chiefly involving federal trade policies.

In January 2006, a delegation of SCAG and SANBAG staff went to Washington, DC and was successful in generating commitments from high-level representatives of the U.S. Department of Transportation, Department of Interior, U.S. Trade Representative, U.S. Fish and Wildlife Service, and the U.S. Environmental Protection Agency to enter into negotiations on an MOU with regional and state agencies. Since then, efforts have focused principally on obtaining similar commitments from key state agencies, including the Business, Transportation and Housing and the California Environmental Protection Agency.

To complete the facilitation and execution of the MOU, SCAG has contributed a budgeted \$10,000 and each of the five CTCs are expected to contribute \$5,000 towards the procurement of a consultant to serve as a neutral facilitator of this MOU. It is expected that the consultant will be on-board and under contract by the September meeting of the Transportation and Communications Committee and Regional Council. SCAG will manage the consultant contract and administer the collaborative process under the direction of the “Principal Conveners”.

## **FISCAL IMPACT:**

There is no financial impact to SCAG with the approval of this recommendation. This MOU does not obligate nor commit State or Federal funds and will not give rise to claim for State or Federal funds. The cost for consultant services to facilitate the execution of this MOU and for staff support will be funded out of this year’s OWP work element numbers WBS 06-130.scgc14 and WBS 07-130.scgs1, respectively, along with matching funds provided by the CTCs.

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**SOUTHERN CALIFORNIA  
NATIONAL FREIGHT GATEWAY STRATEGY**

**MEMORANDUM OF UNDERSTANDING  
AMONG FEDERAL, STATE, REGIONAL AND LOCAL AGENCIES**

**October \_\_, 2006**

*This Memorandum of Understanding (“MOU”)* is entered into as of October \_\_, 2006 by the undersigned federal, state and local agencies to provide for the cooperative development of a framework strategy to address [environmental and community concerns, issues and opportunities relating to?] the increasing movement of imported goods within the “Southern California National Freight Gateway” area of the Los Angeles Metropolitan region extending from the Ports in San Pedro Bay to the cities of Barstow and Indio, California (“National Freight Gateway Area” or “Area”).

**I. RECITALS.**

*Acronyms* are defined below.<sup>1</sup>

*Whereas*, the San Pedro Bay Ports of Los Angeles and Long Beach are the third largest sea-to-land port complex in the world. *Together, they process 14.2 million twenty foot equivalent units of containers (“TEUs”), 44% of all the imported goods entering the Nation, with only 30% of these goods being consumed within the region and 70% being distributed primarily by truck and rail nation-wide and to Europe. The number of TEUs processed per year is expected to increase to 44.7 million TEUs by 2030 (subject to capacity). The freight being moved annually has a value of \$200 billion, supports 2 million jobs, and generates \$16.4 billion in state and local taxes.*

*Whereas*, the population of the National Freight Gateway Area is expected to increase from 18.1 to 22.9 million by 2030 (an increase of 4.8 million or 25.6% within 24 years), with significant demands on the capacity of the region’s transportation infrastructure, *independent of any consideration of the increasing movement of freight.*

*Whereas*, the regional freeway and railway systems within the Area are already severely congested, with insufficient funding identified to even maintain existing infrastructure. Combined increases in population and freight volumes will significantly worsen congestion on freeways and railways and will increase the need for major new and upgraded infrastructure and increase the costs of on-going maintenance and repair. The Southern California Association of Governments’ Regional Transportation Plan anticipates that daily truck traffic serving the Ports will increase from 54,600 trips in 2005 to 142,000 in 2030 and *daily* freight and passenger train traffic will increase from 176 trains in 2000 to 265 to 390 in 2025 and 441 in 2030.

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***Whereas***, the increase in freight movement offers significant economic opportunities to the region in the form of additional business, more and better quality of jobs, and enhanced local, State and federal tax revenues.

***Whereas***, without major mitigation and State and federal assistance and action, the anticipated increases in freight movement within the Area threaten significant and adverse impacts to its communities and the environment (including but not limited to air and water quality and natural lands and wildlife) and to the health, safety and quality of life of its population. Of particular and major concern are the adverse impacts on air quality by diesel emissions from trucks, trains and ships, and the various related infrastructure and operations, which are the subject of the various plans described above. These impacts are required to be fully mitigated under the regulatory and policy quilt of current and future State Implementation Plans, Regional Transportation Plans (which must be found to be in conformance with the SIP), State and Federal air quality Acts (e.g., with respect to emission thresholds) and the National Environmental Policy Act of 1969 (NEPA) and the California Environmental Quality Act (CEQA). The design and implementation of such mitigation will be a daunting challenge.

***Whereas***, NEPA and CEQA, authorize and encourage coordination and collaboration among local, state and federal agencies and interests (including effective leadership and public participation) in addressing challenges such as those posed by the anticipated increase in goods movement and its impacts on the environment.

***Whereas***, USDOT, under its recently promulgated National Strategy to Reduce Congestion on America's Transportation Network, has established a Southern California "Inter-modal Hot Spot Team", focused on targeting major freight bottlenecks and expanding public outreach in order to assist in convening the constituency of agencies and interests, and, pursuant to Presidential Executive Order 13274, it has designated the Southern California National Freight Gateway Strategy a focused area of projects that qualify for coordinated federal agency decision-making.

***Whereas***, California Governor Arnold Schwarzenegger has issued an executive order, dated September \_\_, 2006, regarding the Southern California National Freight Gateway Strategy which directs State agencies to cooperate and, where appropriate, collaborate with federal, regional and local agencies in addressing goods movement within the Gateway Area and related community and environmental impacts.

***Whereas***, CBTH and CEPA have developed the State Goods Movement Action Plan ("State GMAP") and the Ports, SCAG and the CTCs, individually and in some cases collaboratively (including, e.g., the Ports Air Quality Improvement Program, the CTCs/SCAG Multi-County Goods Movement Action Plan, and the updating of SCAG's Regional Transportation Plan), are in the process of conducting studies, preparing plans and undertaking projects for addressing goods movement and related environmental and community impacts within the National Gateway Area. This MOU is consistent with and will promote the expeditious implementation of the State GMAP.

***Whereas***, there are significant delays, inefficiencies, increases in costs and the loss of

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opportunities resulting from the current fragmented and complex local, state and federal governance systems, processes and practices for planning, designing, funding, implementing and constructing regional freight movement and transportation projects and the regulation thereof for other and related public concerns.

*Whereas*, the parties now desire through this MOU to establish a process by, among other things, providing for increased cooperation and collaboration among the constituency of affected local, state and national agencies and interests in addressing goods movement and related environmental and community impacts within the National Freight Gateway Area.

## **II. FURTHER DEVELOPMENT AND IMPLEMENTATION OF A SOUTHERN CALIFORNIA NATIONAL FREIGHT GATEWAY STRATEGY**

*Based on the foregoing* and pursuant to, among other things, the above-mentioned acts and orders, and at the request of Governor Schwarzenegger, CBTH, CEPA and Cal Resources, USDOT, USEPA, USDOJ, USACOE, SCAG, the CTCs, and the Ports, will act as “Principal Conveners” in convening and managing, as set forth below, a process among affected federal, state, and local agencies and interests and the public, to collaboratively and expeditiously address goods movement and related community and environmental effects within the Southern California National Freight Gateway Area in order for Southern California to fulfill its national responsibility to provide and support the conveyance of goods to the rest of the Nation, in a manner, however, that fully addresses and mitigates all adverse community, air quality and environmental effects and impacts.

### **A. Scoping of the Strategy.**

Among other efforts, no later than January 30, 2007, the Principal Conveners shall deliver to the Governor and United States Secretary for Transportation a Phase I Scoping Report. This Report will set forth the progress and preliminary results in the development of the collaborative strategy, and, e.g., protocols, schedule and budget for the convening of the process and development of an evolving Strategy.

SCAG will administer the process under the direction of the Principal Conveners. Concurrent with the taking effect of this MOU, and from time to time thereafter, the Principal Conveners may establish informal operating procedures and rules of order, including, the establishment of a chairperson or co-chairpersons and executive committee for the effort. The Principal Conveners have committed the necessary resources through Phase I of the process and will use their best efforts to expeditiously obtain and provide adequate resources thereafter. It is anticipated that the Strategy will be developed incrementally and will include elements that can be implemented by individual agencies or agencies acting in collaboration and will take into consideration current and past efforts. Local and public input will be critical.

The Phase I Report will discuss alternative approaches and reflect differing viewpoints as to approaches and underlying considerations. It will also address specific concerns, such as the

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desirability and possible form of a regional institution or institutional arrangements (such as those contemplated by the CTC Memorandum of Agreement) with sufficient authority to, among other things, study, design and implement necessary infrastructure and mitigation programs.

The process provided for is intended only to promote cooperation, coordination and collaboration, where appropriate, among the various affected public local, state and federal agencies in carrying out their individual responsibilities and the private sector and not to limit, increase or affect the authority of any agency under the law.

**B. Participation by Public Agencies and Public and Private Organizations.**

Other public and private agencies and organizations may become "Participants" in the process under this MOU, as determined appropriate by the Principal Conveners, by providing notice in writing to SCAG. In addition, public participation shall be encouraged and provided for as required by law.

**C. Early cooperative efforts of Participants.**

The Principal Conveners will cooperate with respect to the consideration and implementation of current goods movement infrastructure projects in accordance with existing laws and regulations.

**III. MISCELLANEOUS PROVISIONS.**

**A. Designation of Representatives.**

Each Principal Convener shall designate a person to serve at its pleasure and represent it under and for the purposes of this MOU by notification in writing to SCAG for the Principal Conveners.

**B. No Obligation to Provide Funding.**

The commitment to participate under this MOU is subject to existing authorities and the availability of funds. This MOU does not obligate nor commit State or Federal funds and will not give rise to a claim for State or Federal funds. Any activity involving reimbursement or contribution of funds between the parties to this MOU must be independently authorized by law and will be subject to applicable laws, regulations, and procedures.

**C. Non-binding.**

Notwithstanding any other provision of this MOU, this MOU will take effect upon its signing (as a single original or in counter-parts) by all of the Principal Conveners and is intended to: (i) state the intent of the parties in order to provide an informal basis for coordination among them and is and shall not be legally binding on any party for any purpose; and, (ii) shall be interpreted to be consistent with applicable provisions of State and Federal law.

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**E. Amendments; Termination.**

Any amendment to this MOU shall be effective as to a party only if agreed to in writing by that party. Any party to this MOU may terminate its participation hereunder by written notice to the SCAG for the Principal Conveners.

IN WITNESS WHEREOF, the parties have signed this MOU on the dates set forth below their signatures.

**PRINCIPAL CONVENERS**

**FEDERAL AGENCIES**

\_\_\_\_\_  
\_\_\_\_\_  
Department of Transportation  
Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Assistant Administrator for Air and  
Radiation  
Environmental Protection Agency  
Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Assistant Secretary for Fish, Wildlife and  
Parks  
Department of the Interior  
Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Assistant Secretary of the Army  
for Civil Works  
United States Army Corps of Engineers  
Dated: \_\_\_\_\_

**STATE OF CALIFORNIA**

\_\_\_\_\_  
\_\_\_\_\_  
Business, Transportation and Housing  
Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
California Resources Agency  
Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Environmental Protection Agency  
Dated: \_\_\_\_\_

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\_\_\_\_\_  
Riverside County Transportation  
Commission  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Orange County Transportation Authority  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Ventura County Transportation  
Commission.  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Imperial County  
Dated: \_\_\_\_\_

**REGIONAL/LOCAL AGENCIES**

\_\_\_\_\_  
Southern California Association of  
Governments  
Dated: \_\_\_\_\_

**“CTCs”**

\_\_\_\_\_  
Metropolitan Transit Authority  
Dated: \_\_\_\_\_

\_\_\_\_\_  
San Bernardino Associated Governments  
Dated: \_\_\_\_\_

**“Ports”**

\_\_\_\_\_  
Long Beach Board of Harbor  
Commissioners  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Los Angeles Board of Harbor  
Commissioners  
Dated: \_\_\_\_\_

\_\_\_\_\_  
Port of Hueneme, Oxnard Harbor District  
Dated: \_\_\_\_\_



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1 **Acronyms:**

CARB: Calif. Air Resources Board  
CBTH: Calif. Business, Transportation and Housing  
Agency  
CEPA: Calif. Environmental Protection Agency  
CTCs: County Transportation Commissions including:  
MTA, OCTA, RCTC, SANBAG. VCTC and IC  
DOI: United States Department of the Interior  
IC: County of Imperial  
LAEDC: Los Angeles Economic Development Corporation  
MTA: Los Angeles Metropolitan Transportation Authority  
OCTA: Orange County Transportation Agency  
Ports: Port of Los Angeles and Port of Long Beach  
RCTC: Riverside County Transportation Commission  
SANBAG: San Bernardino Associated Governments  
SCAQMD: South Coast Air Quality Management District  
SCAG: Southern California Association of Governments  
USDOT: United States Department of Transportation  
USEPA: United States Environmental Protection Agency  
VCTC: Ventura County Transportation Commission